

Message Text

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17-20

ACTION AF-18

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-10 PA-03 PRS-01 SS-15 USIA-15 ACDA-19 IO-15 DRC-01

/187 W

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R 110830Z OCT 73

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 327

INFO AMCONSUL CASABLANCA UNN

AMCONSUL TANGIER UNN

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E.O. 11652: N/A

TAGS: EIND MO

SUBJECT: HOLIDAY INN DISPUTE WITH GOM

BEGIN SUMMARY: CHAIRMAN OF BOARD OF HOLIDAY INN MADE BRIEF VISIT MOROCCO THIS WEEK. FROM ALL INDICATIONS, THERE IS NEW IMPETUS FOR SETTLEMENT HI/GOM DISPUTE, POSSIBLY ON BASIS HI ACQUISITION 100 PERCENT OWNERSHIP FOUR DISPUTED HOTELS. END SUMMARY.

1. KEMMONS WILSON, CHAIRMAN BOARD, HOLIDAY INN, UNEXPECTEDLY CAME IN TO SEE ME AND ECON COUNS OCTOBER 9. WE PREVIOUSLY HAD NO INDICATION HE WAS IN MOROCCO. HE HAD BEEN MEETING WITH PRIME MINISTER'S STAFF AND WAS HAVING DINNER WITH MINISTER OF TOURISM IN ORDER DISCUSS HI DISPUTE WITH GOM.

2. WILSON DID NOT HAVE TIME FILL US IN ON DETAILS HIS NEGOTIATIONS WITH GOM. HE DID MENTION, HOWEVER, THAT ONE PROPOSAL UNDER DISCUSSION TO SETTLE DISPUTE WAS HI ACQUISITION
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100 PERCENT OWNERSHIP 4 HOTELS. PURPOSE VISIT TO

EMBASSY WAS EXPLORATION IDEA OF HIS RE POSSIBLE METHOD OF ARRANGING FOR HI TO BUY OUT MOROCCAN INTEREST. (WILSON SAID GOM INTEREST NOW WORTH ROUGHLY 12 MILLION DOLLARS BUT THIS FIGURE IS WAY TOO HIGH. WE ASSUME HE MEANT 12 MILLION DIRHAMS.) IDEA, WHICH HE HAD NOT FORMULATED IN DETAIL, WAS FOR HI TO ASSUME RESPONSIBILITY FOR REPAYING APPROPRIATE PORTION OF FUNDS WHICH IBRD HAD LOANED TO CREDIT IMMOBILIER ET HOTELIER (CIH) FOR HOTEL CONSTRUCTION. (IBRD HAS MADE TWO LOANS TO CIH IN 1970 AND 1972 TOTALING \$25 MILLION.)

3. WE INDICATED (A) ARRANGEMENT OF THIS TYPE WOULD BE UNORTHODOX FOR IBRD AND (B) IF HE WANTED TO PURSUE IT, HE SHOULD HAVE HIS MEMPHIS OFFICE CALL SPRINGUEL OF NORTH AFRICAN DIVISION, IBRD. LATER WILSON CALLED TO SAY MEMPHIS HAD DONE SO. SPRINGUEL APPARENTLY WAS NON-COMMITAL, ASKING FOR FULL DETAILS.

4. COMMENT. TO OUR KNOWLEDGE, IT IS UNUSUAL FOR HI OPERATE OUTSIDE FRANCHISE FRAMEWORK. WE CONJECTURE THEIR WILLINGNESS DO SO AND APPARENT INTEREST IN RAPID SETTLEMENT DISPUTE STEMS FROM THREE FACTORS: (A) EXCELLENT PROSPECTS FOR HOTELS AS RESULT MOROCCAN TOURIST BOOM, (B) FACT THAT ARBITRATION PROCEEDINGS AT INTERNATIONAL CENTER FOR INVESTMENT DISPUTES HAVE DRAGGED ON, AND (C) FEAR THAT INADEQUATE GOM MANAGEMENT OF HOTELS AT FEZ AND MARRAKECH STILL BEARING HI NAME COULD HURT HI REPUTATION. (THIRD HOTEL RECENTLY OPENED UNDER NAME HOTEL CASABLANCA. FOURTH IN TANGIER IS STILL UNDER CONSTRUCTION.) VERY FAVORABLE ARRANGEMENTS FOR FINANCING HI INVESTMENT, SUCH AS THOSE WILSON IS GROPING FOR, WOULD OBVIOUSLY SWEETEN PIE.

5. EMBASSY PLAYED LARGE ROLE IN ARRANGING WILSON'S EARLIER DISCUSSIONS WITH GOM, WHICH AT TIMES WERE TENSE AND ACRIMONIOUS.

ATMOSPHERE HAD EVIDENTLY IMPROVED. APPARENT GOM DISPOSITION LET BYGONES BE BYGONES LIKELY BASED ON: (A) REALIZATION THAT HI'S WORLD-WIDE CONNECTIONS AND EXPERIENCE PROVIDE UNIQUE MANAGEMENT ELEMENT IT CANNOT DUPLICATE, AND (B) ADVERSE EFFECT CONTINUATION DISPUTE HAS ON CLIMATE FOR NEW FOREIGN INVESTMENT.

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6. ACTION REQUESTED. TO EXTENT PRESENT MIDDLE EASTERN EMERGENCY PERMITS, SUGGEST DEPARTMENT (A) GET IN TOUCH WITH MEMPHIS TO LEARN MORE ABOUT CURRENT HI THINKING RE DISPUTE AND (B) ASCERTAIN PRESENT STATUS ARBITRATION PROCEEDINGS. PARKER

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